

The PBH Demonstration Project

**Presented to the Joint Legislative
Oversight Committee**

February 27, 2008

North Carolina System Reform



The beginning of our story.....



In 2001, the General Assembly enacted system reform legislation. The legislation called for fundamental changes in the community mental health system.

The Goals of Reform

Separate Service Provision from Service Delivery	Reduce State Hospital Utilization
Consolidation of LMEs	Reinvest savings into the community
Develop Community Based Systems	Develop local Crisis Systems
Encourage "Recovery" Services and Culture	Reduce Out of Home Placements for children
Consumer Empowerment	Develop Evidence Based Best Practices
Easy Access to Care	System of care that is outcomes focused
Provider Choice	Healthy, competitive Provider Networks
Utilization and Resource Management	Targeted benefits to defined populations

Can these goals be achieved?

- Is there a model that can be used to build this vision of reform?**
- What would be the impact on the community system?**
- Can this model be implemented by local public authorities?**
- Can this model be replicated?**



The Model

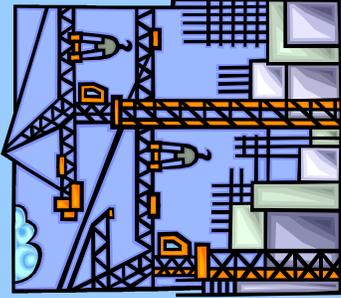
There are few system models that can achieve this constellation of goals. The model that has been proven to have the best results is a combination of:

- A particular **business model: managed care**
- A particular **financial model: capitation**
- A **robust information system to support operations**

PBH has been able to deliver on these three components required for effective operations.

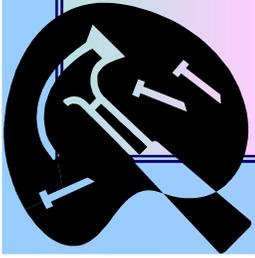
**Is there a model that can
achieve this vision?**

**Yes, we have built a model
that delivers on the vision of
system reform.**



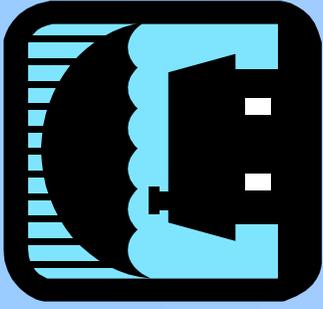
The PBH Model

- Management of all public resources, including Medicaid, state/federal funding, and state institution funds.
- Use of Managed Care tools to achieve public policy goals and optimize public resources.



Managed Care Tools:

- **Capitation** provides local flexibility and control of resources
- **Payor of claims** allows us to align our goals with financial incentives
- **Closed Network** allows for competition and choice while rightsizing the marketplace
- **Utilization Management** gives us the tools to ensure consumers receive both the appropriate service and amount of treatment to meet their needs



The PBH Waivers

PBH functions as a pre-paid health plan (like an insurance plan) that provides care to people with disabilities through both Medicaid and State/Federal funding.

We Provide....



- Basic benefits for all people who do not have severe disabilities.
- Enhanced benefits for people who are more severely disabled.

The Piedmont Cardinal Health Plan.....



- **1915 b** Medicaid Managed Care Waiver for Mental Health and Substance Abuse
- Allows for a waiver of freedom of choice of providers so that we can determine the size and scope of the provider network.
- The services are the same as North Carolina's Medicaid Plan.
- In addition our waiver allows for **reinvestment** of Medicaid savings in alternative services such as respite, supported employment and peer supports.



The Innovations Waiver...

***A Home and Community Based Waiver for People
with Developmental Disabilities
(1915c waiver)***

Innovations is an **Independence Plus Waiver. This is a waiver recognized by the Center for Medicaid Services as a best practice model. Innovations offers both provider directed and consumer directed services.**

PBH has six families self directing now and 12 more in the process.

**What is the impact on
the local system?**

Getting people to the right service.



Our primary job as a public managed care organization is to ensure that people get the care that they need. No more, no less.

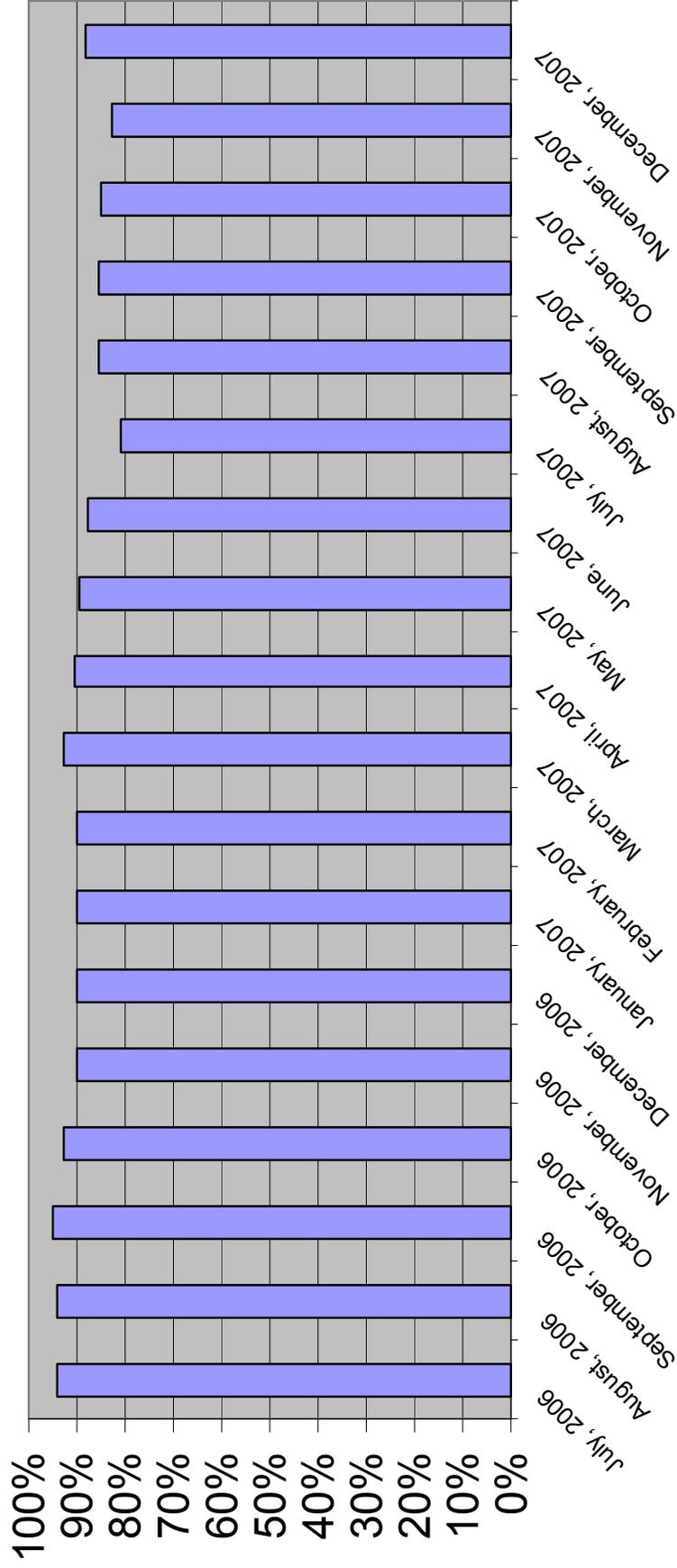
In fact, one of the federal requirements we must meet is to ensure that consumers are not underserved.

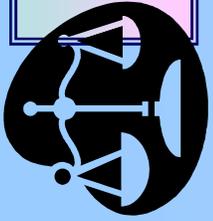
As Medical Director, this is my focus.

PBH has a very low denial rate. And when we deny a service request, we work with the consumer and the provider to come up with an alternative plan to meet the consumer's needs. We want the person to get the care they need.

PBH approves 89% of Requests for Services

FY0607 Treatment Authorization Approval Rate





Outcomes



- **Easy Access to care:** The PBH Open Access process allows consumers to enter the system through any enrolled provider.
- **Advanced Access:** Urgent care model that allows consumers to “walk in” without an appointment, 8 am-8pm weekdays. During 06/07, nearly 10,000 consumers entered or re-entered our system through Advanced Access.
- **A balanced continuum of care:** we ensure that our provider network offers services from outpatient treatment to Enhanced services such as Assertive Community Treatment Team (ACTT), reserving Inpatient Care as a true last resort. We also have had continuous and **stable psychiatry and outpatient services.**

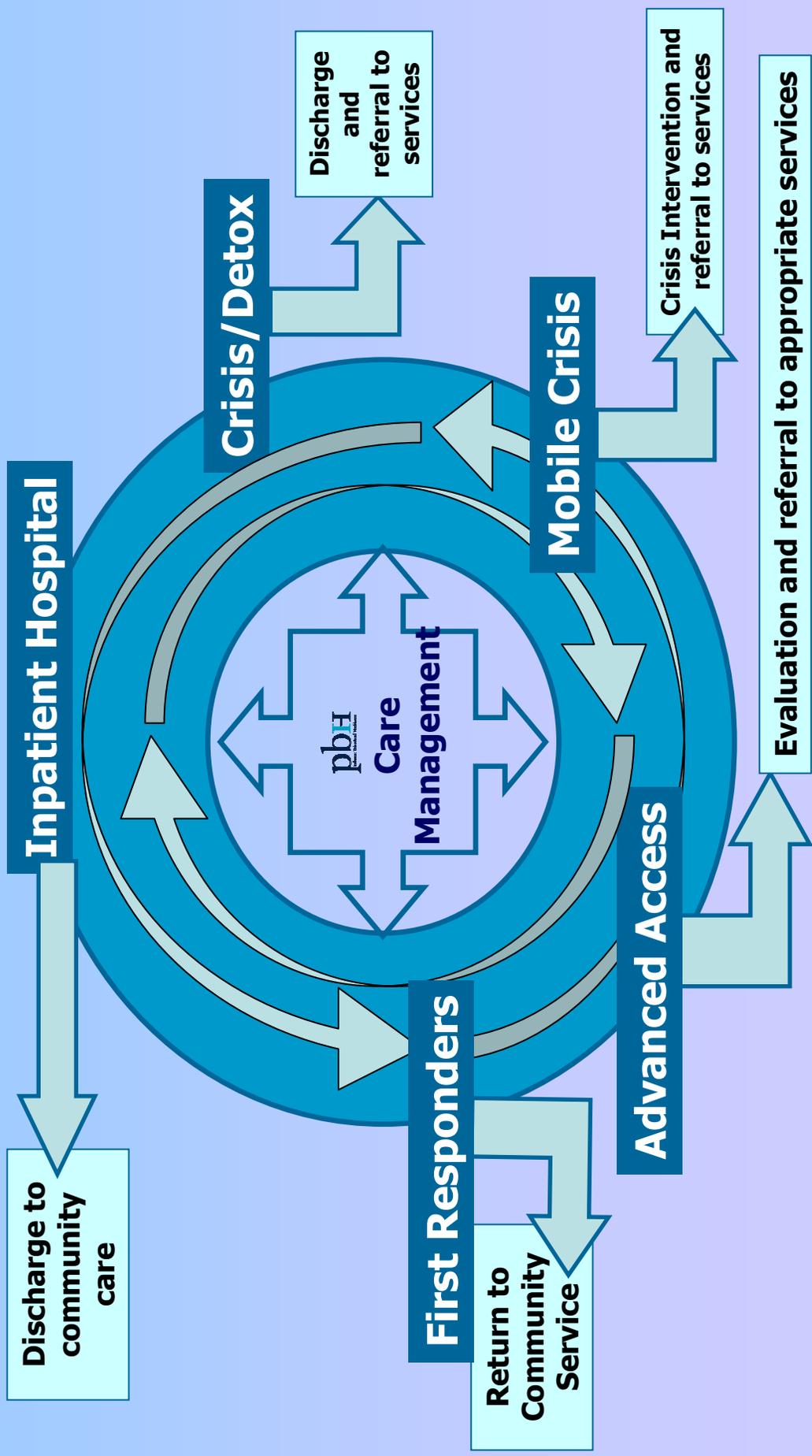


The Clinical Design

- The PBH clinical design includes both **clinical and support services**.
- **Clinical services** such as psychiatry and clinical treatment (such as Outpatient Treatment) are considered essential for all consumers with mental health and substance abuse conditions.
- Consumers with more severe disabilities also need **support services** such as residential care, supported employment and community support.



PBH has a comprehensive crisis system. We coordinate entry to the system and assist consumers in returning to community services. Our goal is no more revolving doors.



Effective Management of Community Support

- **PBH has not experienced exponential growth in Community Support.**
- **Because of our waiver, PBH (not ValueOptions) is responsible for authorization and utilization management of this service.**
- **Our continuum of care includes many services that are less intense and which are effective for many people. Community Support is only used for our most disabled consumers.**

	April – December 2006	January – December 2007	% increase
Average PBH claims paid per month	\$844,810	\$1,062,026	26%
Average number of consumers served	700	1,000	43%

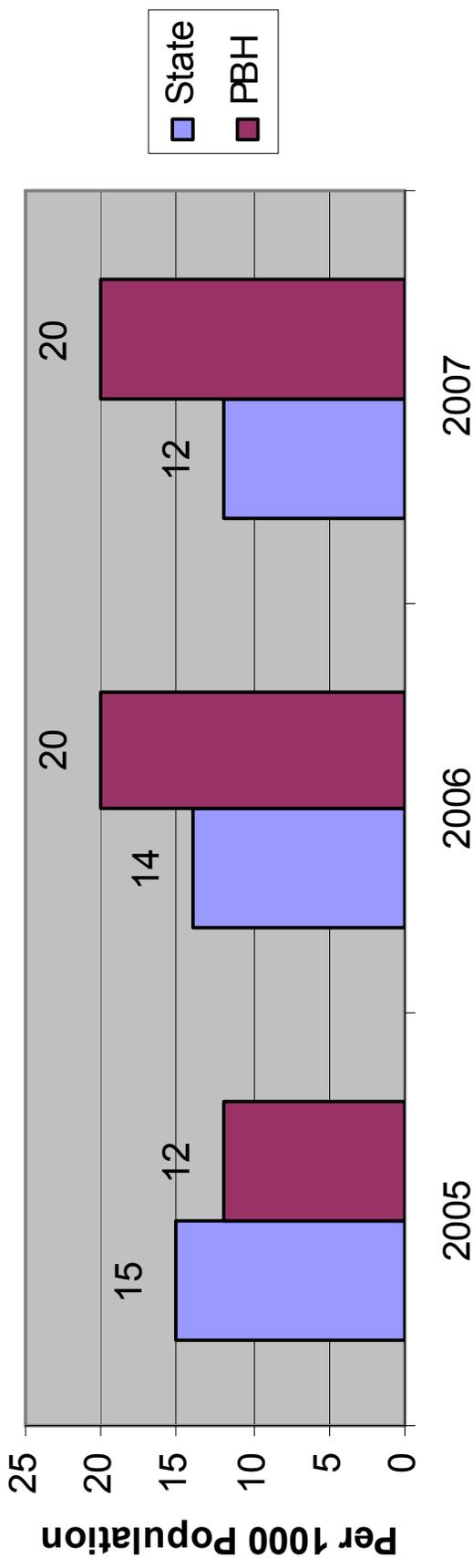
Medicaid Community Support

Community Support Services	NC Medicaid	PBH Medicaid
August – October 2007 served	36 per 1000	9 per 1000
Av cost per child	Aug: \$2,043 Sept: \$1,856 Oct: \$2,010	Aug: \$1,257 Sept: \$1,029 Oct: \$1,134
Av cost per adult	Aug: \$1,504 Sept: \$1,329 Oct: \$1,146	Aug: \$1,142 Sept: \$1,102 Oct: \$1,036

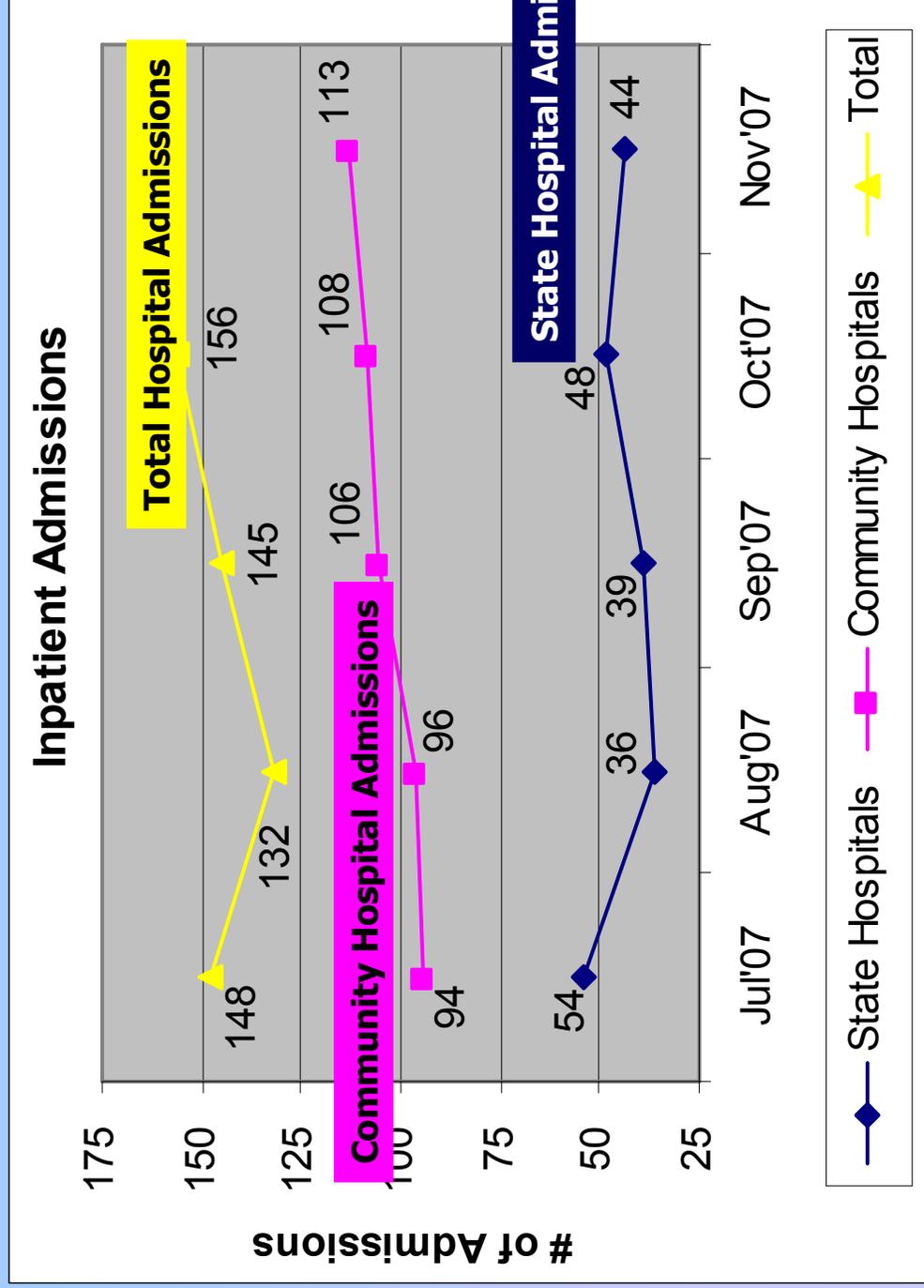


PBH provides more outpatient services per 1000 than the rest of the state

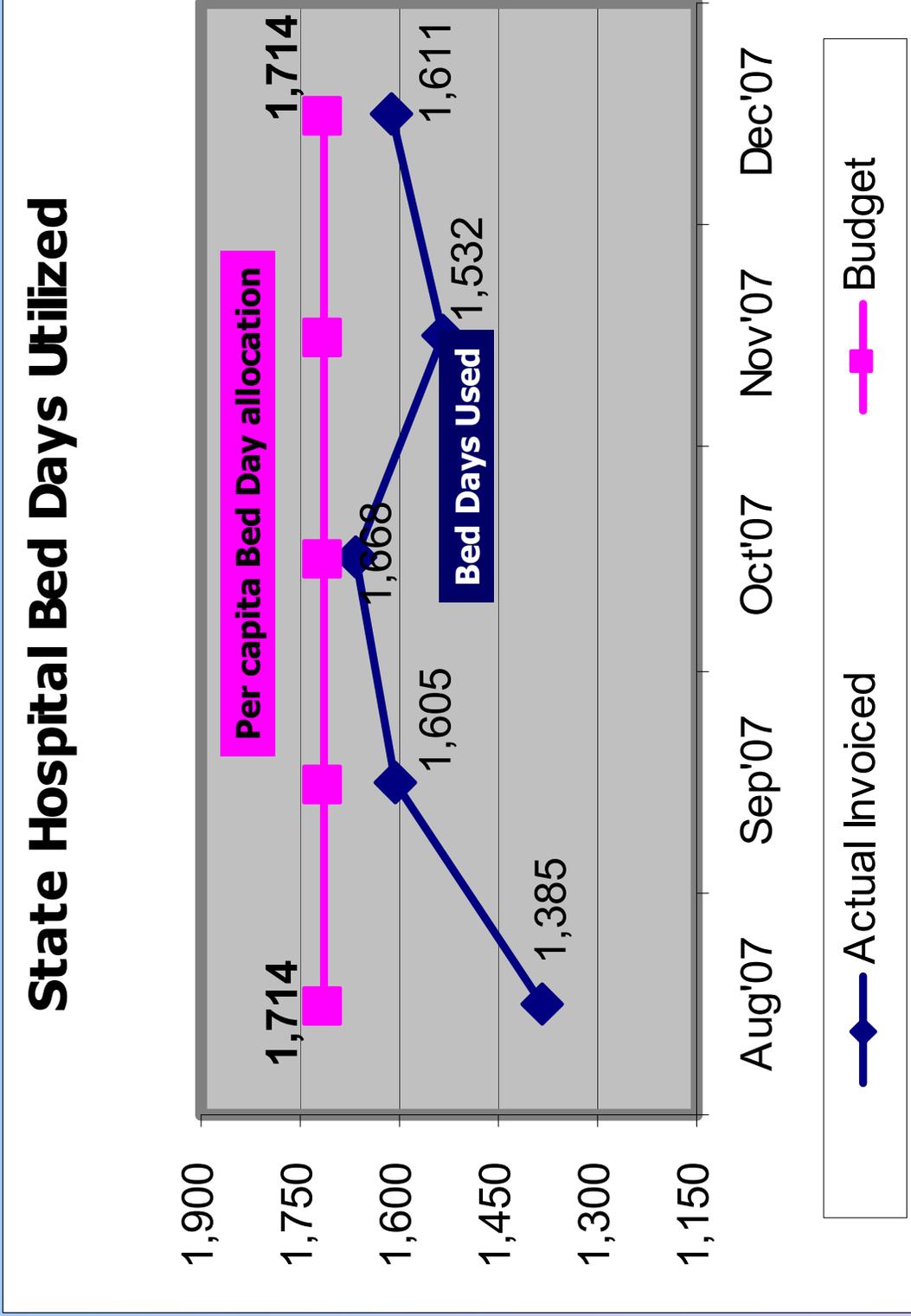
Outpatient Per 1000 Population Trend



Outcome: Management of state hospital funding has allowed us to achieve a major shift in state hospital utilization, from state to local hospitals.



Outcome: PBH utilization of state hospital bed days is well under our per capita allocation.



**Outcome: 36% Decrease in State
Hospital Admissions over previous year**

Month	July	Aug.	Sept.	Oct.	Nov.	Dec.	YTD
SFY 06-07 admissions	94	81	82	94	62	52	465
SFY 07-08 admissions	49	48	59	54	40	48	298
Decrease in admissions	(45)	(33)	(23)	(40)	(22)	(4)	(167)

Outcome: Low Readmission Rates

PBH has a significantly lower readmission rate when compared to both North Carolina and National averages.

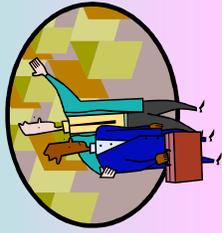
State Facility Readmission Measures	Within 0-30 Days	Within 0-180 Days	Total Admits FY06/07
PBH #	56	123	847
PBH Rates	6.6%	14.5%	
North Carolina	12%	21.8%	**From 2006 CMHS Uniform Reporting System Output Table from SAMSHA.
US Average	9.1%	19.3%	

Impact of Reinvestment Dollars



Decrease in the DD Waiting List:

Reinvestment Service	Waiting Before	Waiting now
Respite	120	19
Supported Employment	43	0



Impact of Reinvestment Dollars

A man with severe mental illness has been attending a psychosocial clubhouse for nearly twenty years. He wants to get a job.

B-3 Reinvestment Funding: Medicaid reinvestment funds have been approved for Supported Employment Services for consumers with mental illness and substance abuse conditions.





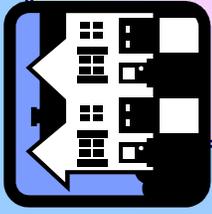
Creating Solutions..... Money follows the Person



To date, we have moved three people with developmental disabilities out of the state institutions without having to wait for CAP “slots” .

How?

Waiver design. Our managed care waiver allows us to use Medicaid funds to purchase ICF-MR services OR waiver services for people with developmental disabilities.



Creating Solutions.....

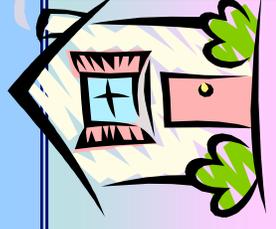
A child with no family of his own wants to live close to his former foster family. However, he needs a high level of care usually provided only in Level IV residential programs. There is no Level IV program near his foster family.

Rate setting authority. PBH pays a consumer specific rate to a Level III home so that appropriate services can be provided for this child within the Level III home. They child can live close to the only family that he has.



Creating Solutions.....

Money follows the person



Four people who have been living at Broughton Hospital for many years will be moving to a group home designed just for them.

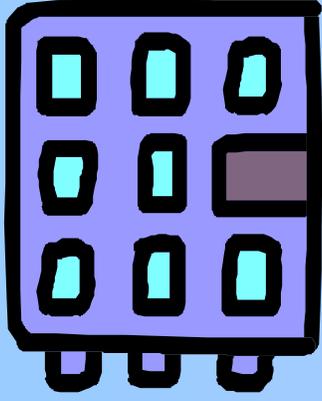
Management of State Hospital Funding: PBH will use the same funds that supported these consumers at Broughton to support them in a group home.

**Can this model be
implemented by
Local Public
Authorities?**

" PBH has successfully completed the transition from a provider of care to a capitated managed care organization. There is clear evidence that PBH has impacted access, quality, and the cost of services for members. Other demonstrated areas of success related to managed care operations are noted below:

- Utilization Review.....**
- Quality Management.....**
- Credentialed Provider Network.....**
- Use of data for managing eligibility, claims, clinical activities and administrative operations....."**

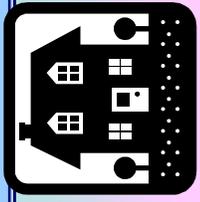
***Mercer Consulting on behalf of the NC DHHS Intradepartmental
PBH Monitoring Team: Second Annual Review, October, 2007***



Comprehensive Community Providers: CCP's

***Comprehensive Community Providers are
the cornerstones of the PBH Provider
Network.***

- **Our first Comprehensive Community Provider began operations in 2004, when the PBH "spin-off", DAYMARK Recovery Services began operating.**
- **We now have four CCPs, two operating in each county.**

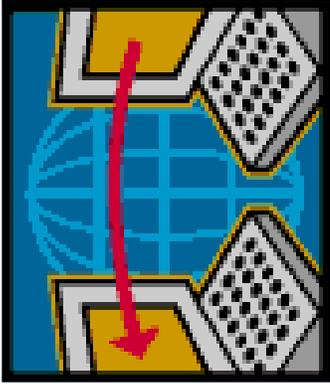


Clinical Home

PBH has continued to provide **DD Case Management** through a separate department of the LME. So, PBH is the clinical home for consumers with developmental disabilities.

For consumers with MH/SA conditions, our four **CCPs serve as the clinical home**. As such, they provide the following services for consumers:

Access and Enrollment ** Clinical Assessment
Psychiatric Care ** Outpatient Treatment
Person Centered Planning ** First Responders
Community Support ** Peer Supports
Case Management



The right Informal System is critical.....

PBH has a state of the art information system that is built on industry standard technology.

It is fully HIPAA compliant.

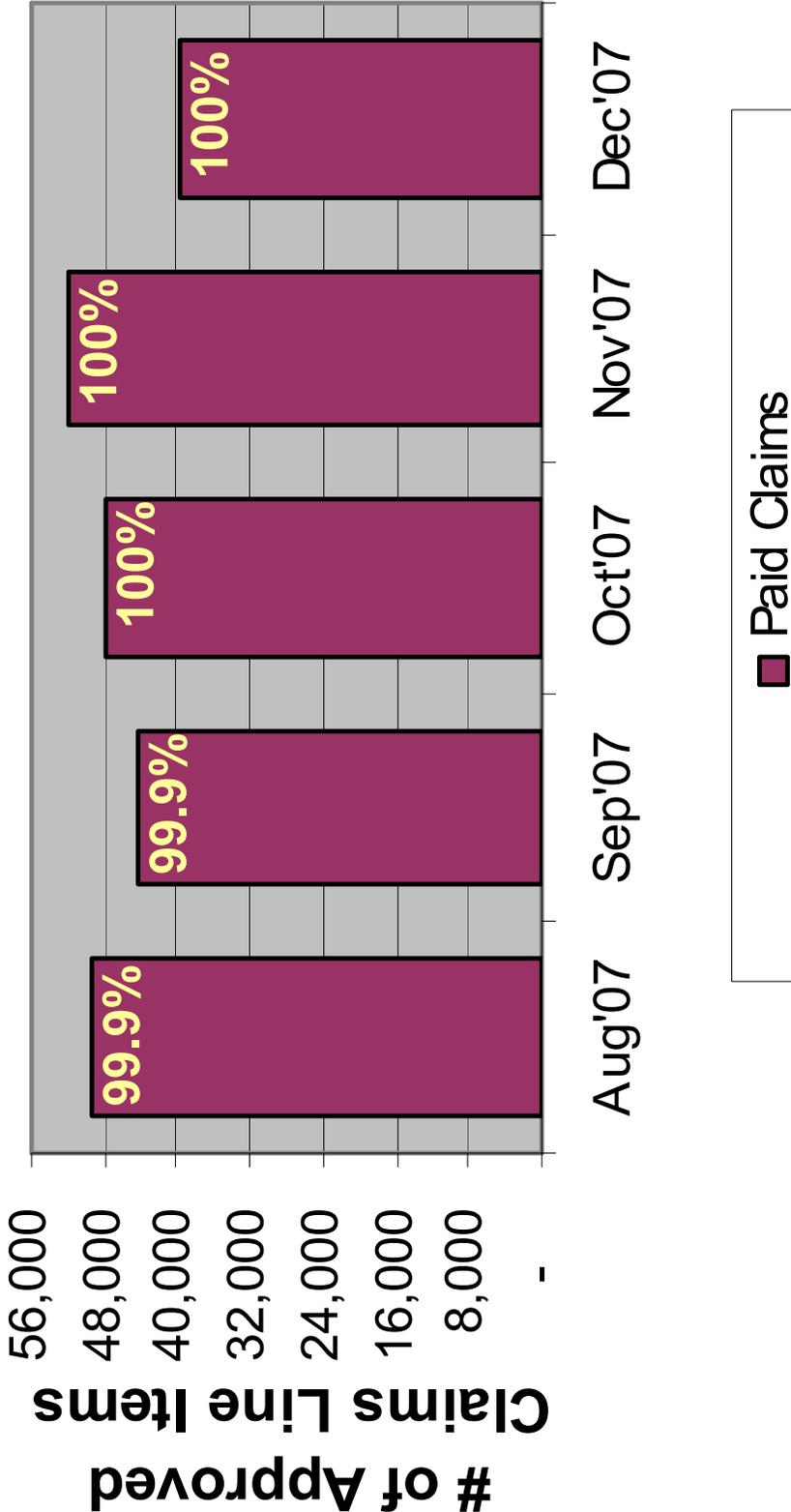
This system can handle vast amounts of data and process it efficiently.

Our information system supports our open access system, our provider network, as well as providing the information necessary for effective management of capitated funding.

Over 90% of our claims are submitted electronically by our network providers.

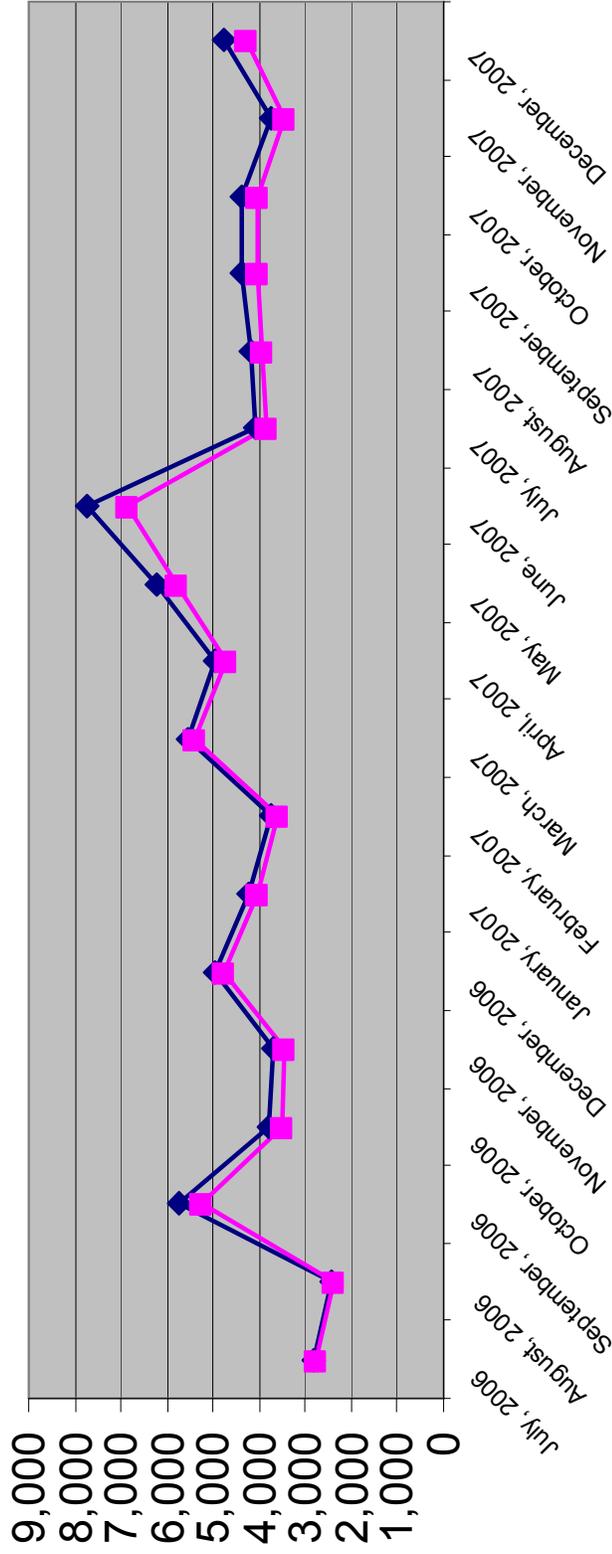
PBH meets Prompt Pay requirements. PBH processes over 50,000 claim lines per month and averages \$11 million per month in paid claims.

Clean Claims Paid within 48 Days



PBH approves authorization requests on a timely basis

FY0607 Treatment Authorization Request Compliance



PBH Funding



PBH Administrative Revenue:

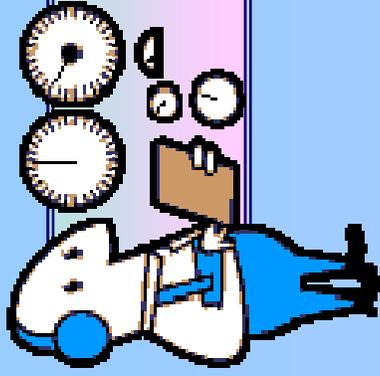
- 9.5% of Medicaid funds
- 9.5% of state funding

ALL other state/federal and Medicaid capitation payments are designated for services to consumers.

**2006-2007: 98.4% of state service dollars were spent
94% of Medicaid service dollars were spent**

Unexpended Medicaid service funding must be deposited into a separate Reinvestment Account and can only be spent with approvals from DMA and CMS.

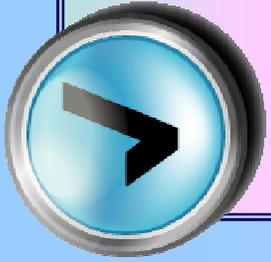
Our unrestricted fund balance is 11% of our operating budget.



Accountability

PBH has over 50 individual performance measures that are reported to DMA and DMH monthly or quarterly.

These measures relate to quality of care, how services are used, and how we manage funding.



Accountability

- PBH submits monthly **Client Data Warehouse** information to DMH/DD/SA with over 95% accuracy. (demographics data)
- PBH submits **Medicaid service data** to DMA's agents regularly for their review.
- PBH also submits **state service data** monthly to DMH and the Controller's office.
- Under our MOA with the Department, PBH has been exempted from IPRS since July 2003. However, we will begin reporting to IPRS in the near future.

Back to the questions....

- **Is there a model that can be used to achieve reform?**
 - **Yes: In our model, managed care tools are used to achieve public policy goals. PBH functions as a systems manager and is responsible for all funding streams and for assuring consumer needs are met.**
- **What positive outcomes can be achieved?**
 - **We have presented you a small number of positive outcomes. There are many more.**
- **Can this model be implemented by local public authorities?**
 - **Yes: it has been operating for three years at PBH**
- **Can this model be replicated?**
 - **Yes, under the right circumstances, we believe this model can be replicated.**



“PBH has developed and implemented, perhaps uniquely in the State, services and systems that all hoped would be the result of reform.”

At PBH, we are grateful for this opportunity to be a “laboratory” for the state.

Our pilot is not complete or perfect in its operations. We have many goals that we have yet to achieve. However we have largely met the initial objectives of our demonstration.



We want to thank:

- DMA and DMH for giving us this opportunity
- Our consumers and families who have been endlessly patient and faithful
- Our providers who have given enormous assistance and support
- Our community stakeholders who have been a source of constant encouragement
- And the staff of PBH who made this happen.